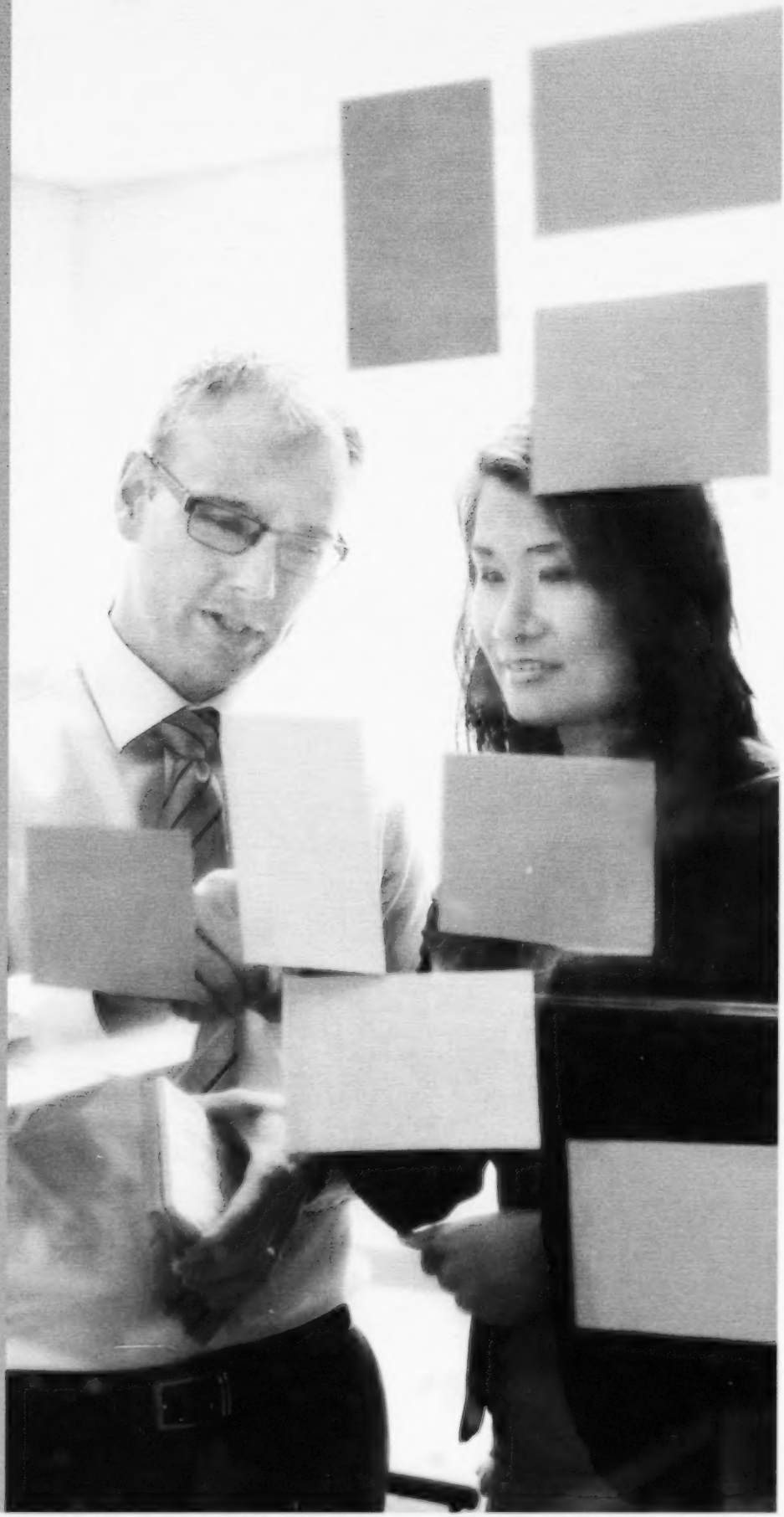
2014-2017 BUSINESS PLAN



AGLC
Alberta Gaming & Liquor Commission

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■ **Bill Robinson**
President and CEO

■ **Hon. Marguerite Trussler, Q.C.**
Chair of the Board

"We have set goals that allow us to continue to modernize our business and focus our attention on fulfilling the needs of our liquor and gaming clients, the expectations of our consumers and the social concerns of our communities."

Message from the Chair of the Board & President and CEO

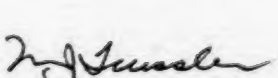
On behalf of the Board and employees of the Alberta Gaming and Liquor Commission (AGLC) we are pleased to present our business plan for 2014-2015 to 2016-2017. This document outlines the AGLC Strategic Plan for the next three years and the criteria by which we will measure our success. We are confident that this plan will bring us to new heights of prosperity as we continue to grow our business with an aligned focus on innovation, balance and choice.

Our proudest achievements continue to be the almost $1.5 billion in revenue that supports the Alberta Lottery Fund, the $330 million earned by charities and religious organizations from charitable gaming events, and the almost $736 million in revenue provided to the Government of Alberta through the General Revenue Fund from liquor and licensing operations.

We strive to not only sustain the support that we provide to communities, but to continuously surpass it. As a result we have set goals that allow us to continue to modernize our business and focus our attention on fulfilling the needs of our liquor and gaming clients, the expectations of our consumers and the social concerns of our communities.

Our vision and mission are what keep us motivated – Ensuring gaming and liquor sustainability so that Albertans' choices continue to be provided and protected. It is our commitment to serving Albertans with integrity and transparency that drives us to become a leader in the gaming and liquor industries.

As Chair of the Board and President and CEO of the AGLC, our joint message represents our aligned accountability for the completion of this three year business plan and the achievement of the goals outlined herein.



Hon. Marguerite Trussler, Q.C.
Chair of the Board

Bill Robinson
President and CEO

The AGLC

Our purpose

The AGLC is a Crown commercial enterprise and agent of the Government of Alberta with two core businesses: liquor and gaming. We are responsible for regulating Alberta's charitable gaming activities and conducting and managing provincial lottery activities. We also control the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

Our core businesses are conducted in alignment with the priorities of the Government of Alberta and are established in accordance with the *Gaming and Liquor Act*, the *Gaming and Liquor Regulation* and the *Criminal Code* (Canada).

Our structure

We are comprised of a seven-member Board that reports through the Chair to the Minister of Treasury Board and Finance. Our Board has three major areas of responsibility including monitoring, regulation and policy to ensure that Alberta's liquor and gaming industries are well managed to benefit Albertans.

Operations at the AGLC are managed by talented and dedicated employees in seven divisions:

- Corporate Strategies and Services
- Strategic Communications
- Compliance and Social Responsibility
- Technologies and Information Services
- Human Resources and Learning Development
- Liquor Services
- Lottery and Gaming Services

Our Partners

At the AGLC we value our partners in the gaming and liquor industries. We work hard to ensure our relationships are built on mutual respect, collaboration and transparency. We strive to form sustainable partnerships that translate into a satisfying gaming experience for Albertans and ongoing progressive developments in the liquor industry. We value each and every relationship we have built and we endeavour to maintain satisfied partners and healthy, long term relationships.

Our vision, mission & values

Vision

Ensuring gaming and liquor sustainability for Alberta.

Mission

Providing and protecting Albertans' choices.

Values

FORESIGHT We are aware of and take a proactive approach to shifts in social, political, economic and environmental trends.

ACCOUNTABILITY We hold ourselves accountable for our decisions.

INTEGRITY We are open and transparent and act with impartiality to uphold the trust of all our stakeholders.

RESPECT We value our colleagues, stakeholders and Albertans and our shared responsibilities to society and the environment.

Our benefit to Albertans

At the AGLC we take great pride in benefiting Albertans in five key areas:

Contribution to the Government of Alberta

Revenue from liquor and licensing operations is provided to the General Revenue Fund to benefit Albertans through government programs and services. Almost $736 million is expected to go into the fund in 2014-15.

The government's share of net revenues from provincial gaming (video lottery terminals, slot machines, electronic bingo and ticket lotteries) is transferred to the Alberta Lottery Fund. In 2014-15, it is anticipated that approximately $1.5 billion will be provided to communities through the Fund.

Charitable gaming

Charities and religious groups can apply for and receive licences to conduct charitable gaming activities such as paper bingo, casino table games, pull tickets and raffles. In 2012–13 14,000 charities earned a combined $330 million from gaming activities.

First Nations communities are directly supported through on-reserve casinos that provide economic benefit to First Nations, affiliated charities and related grant programs.

Providing choices

Albertans enjoy unparalleled choice when it comes to liquor products. In 2012–13, Albertans could choose from almost 18,000 liquor products. We also provide Albertans with a wide variety of gaming entertainment products and tools and support to enjoy liquor and gaming in a responsible manner.

Promoting responsible enjoyment

At the AGLC we promote responsible enjoyment of both gaming and liquor products. Among our many efforts, we are proud to offer a number of responsible service training programs, such as *Protect* and *Proserve*. We also offer on-site support in casinos, invest in social marketing efforts, and work with establishments to reward responsible and safe service.

Ensuring integrity

It is our responsibility at the AGLC to ensure integrity in the liquor and gaming industries. Our Board conducts hearings, makes licensing and regulation decisions and develops policy to ensure that the liquor and gaming industries are well managed to provide and protect Albertans choices.

Our Strategy

When it comes to strategic planning at the AGLC everyone has a role to play to ensure the growth and prosperity of our organization. It all starts with the Board. Our seven member Board meets annually to review and provide guiding principles for the organization. These principles serve as the foundation of all planning and provide the AGLC with long term direction.

Our guiding principles are to:

- Create a workplace based on ethical business practices, openness and transparency.
- Maximize value to our stakeholders by operating in an environment that is innovative, creative and reflective of Albertans' entrepreneurial spirit, while recognizing and responding to the social impacts of our products and services.
- Enhance the entrepreneurial business model through a culture that embraces innovation and change and implements best business practices.
- Expect gold standard governance from the Board and operational excellence from all employees, collaboratively creating a place we are proud to work.

AGLC Strategic Plan

Together with the executive team, the President and CEO works with the guiding principles to create the AGLC Strategic Plan. The plan sets the strategic goals for the organization and outlines corporate priorities.

The purpose of the plan is to clearly identify achievable and measurable objectives and the relationships between them.

Our Plan

GOAL #1 Optimized Organizational Alignment

The principle outcome of the first goal is to provide an essential platform for **ensuring gaming and liquor sustainability** by improving clarity, alignment and focus with increased engagement and synergies.

Objectives:

1. Invest in, align and allocate resources to achieve strategic directions.
2. Develop and implement integrated corporate and divisional strategic and operational plans.
3. Communicate a consistent message to customers, stakeholder and staff.
4. Improve clarity, alignment and focus with increased engagement and synergies.

Business Priorities:

- Integrate corporate and divisional strategic plans to increase alignment in all levels of planning.
- Ensure that AGLC's ethics policies support a values-based organization.
- Develop and implement an enterprise risk management framework to manage risks and leverage opportunities.

Measures:

Percentage of stakeholders aware of how AGLC serves Albertans

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
N/A	TBD	TBD	TBD

Percentage of employees who are aware of the AGLC Strategic Plan

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
N/A	60%	65%	70%

GOAL #2 Renewed and Repositioned Capabilities

The ultimate outcome of the second goal is to **maximize resilience and minimize time to effect change.** Organizational resilience is the ability to be adaptable, flexible, responsive and able to cope with the organizational stresses and changes subjected to as business environments change and consumer and client expectations evolve.

Objectives:

1. Modernize technologies to support the delivery of current and future business capabilities.
2. Align and re-engineer processes used to deliver business capabilities.
3. Develop documentation and change standards that ensure service quality independent of individual employees.
4. Maximized resilience and minimized time to effect change.

Business Priorities:

- Develop and implement a business transformation program to meet the demand of the liquor and gaming industries.
- Develop technology enablement plans to ensure technology is supporting the delivery of business requirements.
- Modernize and enhance information technology applications including mobility and self-serve capabilities so that consumers and clients have easy access to service options.
- Acquire business intelligence capabilities so that employees have the relevant information they need to drive the business forward.

Measure:

Percentage of service level targets achieved

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
N/A	TBD	TBD	TBD

GOAL #3 Consumer and Client Focused Culture

While recognizing that the competing interests of different consumer and client groups make it impossible to satisfy all groups all of the time, the ultimate outcome of the third goal is **satisfied consumers and clients**.

Objectives:

1. Understand consumer and client expectations.
2. Consumer and client focused business environment in a modernized regulatory policy framework.
3. › Access to desired and competitive products and services.
   › A personalized and entertaining gaming experience valued by Albertans.
   › Progressive developments in the liquor industry.
4. Satisfied consumers and clients.

Business Priorities:

- Develop online education programs and material to modernize and enhance customer service.
- Define and implement a player engagement program to create an expanded player base of healthy, engaged players.
- Develop an integrated communications and marketing strategy to ensure accuracy and consistency when engaging consumers and clients.
- Develop a consumer and marketing research strategy to help understand consumer and client expectations.

Measures:

Percentage of Albertans satisfied with the availability of gaming products and services

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
78%	80%	80%	80%

Percentage of Albertans satisfied that the gaming activities they participate in are provided fairly and responsibly

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
93%	94%	94%	94%

Percentage of Albertans satisfied that licensed gaming venues are safe and responsible environments in which to gamble

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
70%	70%	70%	70%

Percentage of Albertans satisfied with the selection of products at liquor stores

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
92%	91%	91%	91%

Percentage of Albertans satisfied that liquor is provided in a responsible manner

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
92%	91%	91%	91%

Percentage of Albertans satisfied with the safety and security in and around licensed liquor premises

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
89%	91%	91%	91%

GOAL #4 Operational Effectiveness Improvement

This goal is intended to improve AGLC's operational effectiveness and support **progressive and compliant gaming and liquor industries.**

Objectives:

1. Broaden employee skill base and empowerment.
2. Engage employees and partners to streamline overall effectiveness of policies and processes and leverage economies of scale.
3. Efficient and effective interactions with AGLC.
4. Progressive and compliant gaming and liquor industries.

Business Priorities:

- Develop a proactive attraction and retention strategy to become an employer of choice.
- Develop and implement a process optimization program to provide operational cost savings, accelerate and automate workflows, and increase accuracy, security and compliance.
- Modernize the regulatory framework to streamline business processes and enhance customer service.
- Develop an updated beverage alcohol information system to increase efficiencies.

Measures:

Percentage of all revenues (less prizes and cost of goods sold) to be received by the General Revenue Fund and Alberta Lottery Fund after commissions and expenses.

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
82%	TBD	TBD	TBD

Percentage of liquor licensees who comply with legislation, regulation and policy

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
93%	95%	95%	95%

Percentage of charitable gaming activities conducted in accordance with legislation, regulation and policy

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
99.8%	99%	99%	99%

GOAL #5 Continuous Service Evolution

The outcome here is to **sustain revenues and protect the benefit to charities**, ensuring AGLC's business is kept stable by maintaining or growing profits.

Objectives:

1. Monitor societal and consumer trends, changing public values and evolving best practices.
2. Continuously monitor and improve business processes and performance metrics.
3. Enable an environment to retain existing consumers and attract new consumers.
4. Sustain revenues and protect the benefit to charities.

Business Priorities:

- Support the gaming industry in providing an entertainment experience of choice by:
  - Heightening the casino experience in collaboration with gaming partners
  - Enhancing vlt functionality
  - Increasing lottery ticket options and improving operations in conjunction with the Western Canada Lottery Corporation
- Collaborate to develop innovative charitable gaming initiatives so that charities and Albertans receive maximum benefit from gaming activities.
- Build a new liquor warehouse to improve operational efficiencies.

Measures:

Gaming net operating results (thousands of dollars)

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
1,485,205	1,482,550	1,530,265	1,567,791

Liquor and other net operating results (thousands of dollars)

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
728,729	745,249	763,625	782,308

GOAL #6 Responsible Choice Promotion

The outcomes of this goal represent the final pieces of the vision which is to have **healthy consumers and reduce liquor and gambling related harms.**

Objectives:

1. Enhance capability to promote responsible sales and use to consumers, industry and government.
2. Implement an integrated responsible sales and use program that promotes prevention and balances social and economic objectives.
3. Enable a culture of moderation and provide self help tools to reduce harm.
4. Healthy consumers and reduced liquor and gambling related harms.

Business Priorities:

- Partner in the implementation of the Alberta Alcohol Strategy to develop a culture of moderation.
- Work to implement the "Both Sides of the Coin" strategy to support responsible gambling.
- Participate in the National Responsible Gambling Collaboration program to increase the cross-jurisdictional commitment to responsible gambling.
- Develop a registration application for the voluntary self-exclusion program which assists problem gamblers.
- Enhance current and create new harm reduction programs to support Albertans.

Measures:

Percentage of Albertans that gamble responsibly

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
99%	97%	97%	97%

Percentage of Albertans that drink alcohol in moderation

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
91%	92%	92%	92%

Percentage of Albertans aware of prevention and harm reduction programs for problem gambling

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
73%	83%	83%	83%

Percentage of Albertans aware of prevention and harm reduction programs for problem drinking

Actual 2012-13	Target 2014-15	Target 2015-16	Target 2016-17
94%	90%	90%	90%

Our Operations

The AGLC has experienced financial success in the past. Our vision of ensuring gaming and liquor sustainability so that Albertans choices are protected involves continual investment, modernization and fiscal responsibility.

AGLC's financial performance is driven by optimizing consumer and client value – that is, maximizing financial return while maintaining a strong emphasis on socially responsible operations. Also, as with most business entities, we strive to be responsible managers and continually improve operational efficiencies and asset utilization.

2014-17 Budget and Targets

(thousands of dollars)	2011–12 Actual[1]	2012–13 Actual	2013–14 Budget	2014–15 Budget	2015–16 Target[2]	2016–17 Target[2]
NET REVENUE[3]						
Casino Gaming Terminals	857,428	873,835	897,230	903,052	929,680	947,160
Video Lottery Terminals	499,573	484,451	526,493	503,587	510,856	518,193
Ticket Lottery	299,382	324,614	320,048	345,441	368,491	390,663
Electronic Bingo	8,500	8,390	8,066	6,473	6,473	6,473
Liquor	708,761	744,394	740,090	765,000	780,300	795,906
Licensing and Other Revenue	13,262	12,357	16,481	15,995	19,245	22,495
Total Net Revenue	**2,386,906**	**2,448,041**	**2,508,408**	2,539,548	2,615,045	2,680,890
OPERATING EXPENSES						
AGLC (Incl. amort. & lease games)	177,770	195,715	257,595	266,139	274,177	282,404
WCLC (Incl. amort.)	37,125	38,392	48,727	45,610	46,978	48,387
Total Operating Expenses	**214,895**	**234,107**	**306,322**	311,749	321,155	330,791
NET OPERATING RESULTS	**2,172,011**	**2,213,934**	**2,202,086**	2,227,799	2,293,890	2,350,099
NET ACTUARIAL GAINS (LOSSES)	**(13,941)**	**1,025**	**(10,000)**	(8,850)	(8,850)	(8,850)
TOTAL COMPREHENSIVE INCOME	**2,158,070**	**2,214,959**	**2,192,086**	2,218,949	2,285,040	2,341,249

[1] Restated due to International Financial Reporting Standards (IFRS)

[2] Subject to change in future fiscal plans

[3] Net revenue is gross sales less prizes, cost of sales, commissions and federal payments

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